

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 859 (Delegate Solomon, *et al.*)
Health and Government Operations and
Ways and Means

Access to Health Insurance for Child Care Professionals - Outreach and
Qualifying Nonprofit Satellite Organizations

This bill requires the Maryland State Department of Education (MSDE), in collaboration with the Maryland Health Benefit Exchange (MHBE), to promote access to health insurance for child care professionals. The bill also expands the definition of “qualifying nonprofit organization” to include a child care provider that receives funds – from a unit of State, local, or federal government – that cover more than two-thirds of the organization’s operating expenses. Thus, such a provider is eligible to participate in the State Employee and Retiree Health and Welfare Benefits Program as a satellite organization.

Fiscal Summary

State Effect: MSDE and MHBE can promote access to health insurance for child care professionals using existing budgeted resources. The Department of Budget and Management (DBM) advises that child care providers are not likely eligible for participation as a satellite organization, as discussed below. To the extent such a provider qualifies, DBM revenues and expenditures increase to reflect payment for the total costs of participation of the provider’s employees.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: MSDE and MHBE must promote access to health insurance for child care providers by (1) partnering with prekindergarten provider hubs, child care associations, and relevant nonprofit organizations; (2) helping child care professionals obtain health insurance through MHBE or Medicaid; (3) assisting child care professionals who lose Medicaid coverage with finding alternative health insurance options; (4) helping ensure health plan options meet the budgets and health insurance needs of child care professionals and child care employers; and (5) providing informational resources or referrals for additional support.

Current Law: The State Employee and Retiree Health and Welfare Benefits Program is established in statute to provide health insurance benefit options to State employees and retirees. The Secretary of Budget and Management is charged with developing and administering the program, including selecting the insurance options to be offered.

Statute specifies certain organizations or entities whose employees are eligible to participate in the program as a separate account, or “satellite organizations.” Employees of county and municipal governments and local boards of education may enroll and participate in the program with the approval of the respective governing body. The governing body must pay the State the total cost resulting from the participation of its employees and determine the extent to which the governing body will subsidize its employees’ participation.

Certain qualifying nonprofit organizations may also participate as satellite organizations. They include (1) an organization that receives State funds from the Maryland Department of Health that cover more than one-third of the organization’s operating expenses; (2) the Legal Aid Bureau, Inc., or specified entities wholly owned by the Legal Aid Bureau, Inc.; or (3) the Maryland Crime Victims’ Resource Center.

In general, only employees of satellite organizations may participate in the program, with specified exceptions. The participation of a satellite organization in the program may not impede, undermine, or conflict with the program’s federal compliance obligations or governmental and cafeteria plan status, as defined in federal law (26 U.S.C. § 125).

Additional Comments: DBM advises that the Secretary, in consultation with legal counsel, makes determinations regarding participation in the program on a case-by-case basis. Extending coverage to individuals who are not employed by an eligible governmental entity or nonprofit conflicts with State law and may risk the program’s governmental plan status and result in loss of the program’s pre-tax payment features. DBM notes that a child care provider that receives funds from a unit of State, local, or federal government that cover more than two-thirds of the organization’s operating

expenses likely does not meet the requirement to participate in the State program and if added would threaten the program's status as a governmental plan.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 611 (Senator King) - Budget and Taxation and Finance.

Information Source(s): Maryland State Department of Education; Department of Budget and Management; Maryland Health Benefit Exchange; Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2025
caw/ljm

Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510